COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3389-01
BILL NO.: HB 1932
SUBJECT: Health Care; Insurance - Medical; Medical Procedures and Personnel
TYPE: Original
DATE: February 14, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue*	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on All State Funds*	**(UNKNOWN)**	**(UNKNOWN)**	**(UNKNOWN)**

***Expected to exceed $100,000 annually.**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Federal	$0	$0	$0
Total Estimated Net Effect on All Federal Funds*	**$0**	**$0**	**$0**

***Unknown revenues and expenditures net to $0.**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government			

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Conservation**, the **Department of Health**, the **Department of Transportation**, and the **Department of Public Safety - Missouri State Highway Patrol** assume this proposal would not fiscally impact their agencies.

Department of Social Services (**DOS**) officials assume that the administrative costs of health maintenance organizations participating in the MC+ program would increase as a result of increased mailings of explanations of benefits statements to all participants. DOS states these increased administrative costs would be reflected in increased bid amounts in future year contracts when they are rebid. DOS states they can not determine the fiscal impact. However, DOS estimates the fiscal impact to exceed $100,000 annually.

Officials from the **Department of Insurance** (**INS**) state that they anticipate that current appropriations would be able to absorb the expense of task force meetings, etc., but depending on the number of meetings and locations, they may need to request an increase in appropriations.

Officials from the **Missouri Consolidated Health Care Plan** did not respond to our fiscal impact request.

FISCAL IMPACT - State Government	FY 2001 (10 Mo.)	FY 2002	FY 2003
GENERAL REVENUE FUND			
Cost - Department of Social Services			
Program specific expenditures*	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND*	**(UNKNOWN)**	**(UNKNOWN)**	**(UNKNOWN)**
FEDERAL FUNDS			
Income - Department of Social Services			
Medicaid reimbursements	Unknown	Unknown	Unknown

***Expected to exceed $100,000 annually.**

FISCAL IMPACT - State Government	FY 2001 (10 Mo.)	FY 2002	FY 2003
Cost - Department of Social Services			
Program specific expenditures	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON FEDERAL FUNDS*	**$0**	**$0**	**$0**

***Unknown revenues and expenditures net to $0.**

FISCAL IMPACT - Local Government	FY 2001 (10 Mo.)	FY 2002	FY 2003
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

Small health maintenance organizations may be fiscally impacted to the extent they may incur additional administrative costs due to the requirements of this proposal.

DESCRIPTION

This proposal would change provisions of law relating to managed care. In its major provisions, the proposal would: (1) Clarify that Section 354.603, RSMo, would not require providers to submit copies of their income tax returns to a managed care entity. The entity may require a provider to obtain audited financial statements if the provider receives 10% or more of the total medical expenditures made by the managed care entity; (2) Specify that the "prompt pay" provisions of Section 376.383 would apply after a health carrier receives a claim for a health care service. The current statute applies when a carrier receives a claim from a person entitled to reimbursement. The carrier would also be required to provide, within 45 days of receiving the claim, a complete description of all additional information that would be necessary to process the entire claim; (3) Allow a person who has filed a claim for reimbursement for a health care service to file a civil action against a carrier for violations of the "prompt pay" provisions of Section 376.383. The court may award attorney fees and costs to a prevailing plaintiff unless the court finds that the carrier's position was substantially justified; (4) Require health carriers, when processing claims, to permit providers to file confirmation numbers of authorized services and claims for reimbursement in the same format, to allow providers to file claims for

DESCRIPTION (continued)

reimbursement for a period of at least one year following the provision of a health care service, to issue within 24 hours an electronic confirmation of receiving a claim for reimbursement, and to accept all medical codes and modifiers used by the Health Care Financing Administration;(5) Require health carriers to furnish providers with a current fee schedule for reimbursement amounts of covered services; (6) Prohibit carriers from requesting a refund against a claim more than 6 months after the provider has filed the claim except in cases of fraud or misrepresentation by the provider; (7) Require health carriers to provide Internet access to a current provider directory; (8) Require health carriers to inform enrollees of any denial of health care coverage. The explanation must be in plain language that is easy for a layperson to understand; (9) Prohibit "hold harmless" clauses that would require a health care provider to assume the sole liability of the provision of health care services; (10) Prohibit health carriers from requiring a health care provider to agree to participate in all health care plans operated by the health carrier as a condition for participating in one plan; (11) Prohibit health carriers from requiring health care providers to participate in lease business if the health carrier leases its provider network to another health carrier; (12) Require group insurers to issue to enrollees a card that includes a telephone number for the plan and a brief description of the enrollee's type of health care plan; (13) Require insurers to provide both parents of a covered child with coverage information regardless of whether the parent is the primary policyholder; (14) Require health carriers to notify the pharmacist, primary care physician, and enrollee when a nonformulary drug is authorized for a limited period of time; (15) Allow a health carrier to retract a prior authorization of a health care service if the enrollee's coverage under the plan has exceeded the enrollee's lifetime or annual benefits limit. Certification of a health care service would be deemed an authorization of a health care service; and (16) Require health carriers to use, after January 1, 2002, standardized forms for referrals and the explanation of benefits. The Department of Insurance must establish a task force to develop the standardized forms.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance
Department of Social Services
Department of Transportation
Department of Conservation
Department of Health
Department of Public Safety
  Missouri State Highway Patrol

SOURCES OF INFORMATION (continued)

NOT RESPONDING: Missouri Consolidated Health Care Plan

Jeanne Jarrett, CPA
Director
February 14, 2000